

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name International Academy of Flint, PSA	County Genesee
Audit Date 6/30/05	Opinion Date 8/15/05	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) Plante & Moran, PLLC			
Street Address 111 East Court Street, Suite 1A	City Flint	State MI	ZIP 48502
Accountant Signature <i>Todd Harburn phj</i>			Date <i>11/1/05</i>

International Academy of Flint, PSA

Flint, Michigan

**Financial Report
with Supplemental Information**

June 30, 2005

**International Academy of Flint, PSA
June 30, 2005**

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Independent Auditors' Report

Board of Education
International Academy of Flint, PSA
Flint, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of International Academy of Flint, PSA as of and for the year ended June 30, 2005, which collectively comprise the Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of International Academy of Flint, PSA as of June 30, 2005, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis (identified in the table of contents) is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise International Academy of Flint, PSA basic financial statements. The accompanying required supplemental information and other supplemental information, as identified in the table of contents, are not a required part of the basic financial statements. The required supplemental information is information required

by the Governmental Accounting Standards Board; the other supplemental information is presented for the purpose of additional analysis. The required supplemental information and the other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 15, 2005 on our consideration of the Academy's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

PLANTE & MORAN, PLLC

Certified Public Accountants
Flint Office

August 15, 2005

Management's Discussion and Analysis

Management's Discussion and Analysis

This section of International Academy of Flint's (IAF) annual financial report presents our discussion and analysis of the Academy's financial performance during the fiscal year that ended on June 30, 2005.

FINANCIAL HIGHLIGHTS

- The Academy's financial status improved for the sixth year in a row, total net assets increased approximately twenty-five percent (25%) over the course of the year.
- Overall revenues were \$6.3 million, fully \$115,712 more than expenses.
- Revenues increased six percent (6.0 %) to \$6.3 million while expenses increased six percent (6.0%) to \$6.2 million.
- Enrollment increased eight percent (8%) to 689 students.
- The Academy has no outstanding long-term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplemental information. The basic financial statements include two kinds of statements that present different views of the Academy:

- The first two statements are *Academy-wide financial statements* that provide both *short-term* and *long-term* information about the Academy's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Academy, reporting the Academy's operations *in more detail* than the Academy-wide statements.
- The *governmental funds* statements tell how basic services like regular education and school services (including the lunch program) were financed in the *short-term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information and other supplemental information* that further explains and supports the financial statements. The required supplementary introduction includes with a comparison of the Academy's budget for the year.

The following chart summarizes the major features of the Academy's financial statements, including the portion of the Academy's activities they cover and the types of information they contain:

Major Features of Academy-wide and Fund Financial Statements

Scope	Academy-wide Statements	Fund Financial Statements
Required Financial Statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balance
Accounting Basis and Measurement Focus	Accrual Accounting and Economic Resources Focus	Modified Accrual Accounting and Current Financial Resources Focus
Type of Asset/Liability Information	All Assets and Liabilities, both Financial and Capital, Short-term and Long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of Inflow/Outflow Information	All Revenues and Expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

ACADEMY-WIDE STATEMENTS

The Academy-wide statements report information about the Academy as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes *all* of the Academy's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Academy-wide statements report the Academy's net assets and how they have changed. Net assets – the difference between the Academy's assets and liabilities – are one way to measure the Academy's financial health or *position*.

- Over time, increases or decreases in the Academy's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Academy, you need to consider additional non-financial factors such as changes in the condition of the schools buildings.

In the Academy-wide financial statements, the Academy's activities:

- *Governmental activities* – All of the Academy's basic services are included here including regular and special education, administration, and building operations, as well as community activities. State formula aid and federal funding finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Academy's *funds*, focusing on its most significant or "major" funds – not the Academy as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law.
- The Academy establishes other funds to control and manage money for particular purposes (like repaying long-term debt) or to show that it is properly using certain revenues (like school lunch).

The Academy may have two kinds of funds:

- *Governmental funds* – All of the International Academy of Flint's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy's programs. Because this information does not encompass the additional long-term focus of the Academy-wide statements, we provide additional information along with the governmental funds statements which explain the relationship (or differences) between them.
- *Fiduciary funds* – At present the Academy does not have any fiduciary funds. However, if the Academy were the trustee, or fiduciary, for assets that belonged to others (such as scholarship funds or student activities funds) these assets would be reported in the fiduciary fund. The Academy would be responsible for ensuring that any assets reported in these funds were used exclusively for their intended purposes and by those to whom the assets belong. Such assets are excluded from the Academy-wide financial statements because they cannot be used to finance Academy operations.

FINANCIAL ANALYSIS OF THE ACADEMY-WIDE RESULTS

Net assets – The Academy's total net assets were significantly larger on June 30, 2005, than they were the year before – increasing by more than twenty-four percent (24%) from \$470,903 to \$586,616.

The Academy's improved financial position is the product of many factors. Growth during the year in student enrollment was a significant contributor to this improvement. Effective budgeting on the part of the Board of Directors and proper administration of the budget is another contributor to the improved financial position.

The following charts represent the Academy's net assets and changes in net assets:

Net Assets

	<u>As of June 30, 2004</u>	<u>As of June 30, 2005</u>
Cash and equivalents	\$ 427,727	\$ 499,518
Receivables	7,116	-
Due from other governments	1,016,986	1,007,906
Other current assets	<u>9,910</u>	<u>9,982</u>
Total assets	1,461,739	1,517,406
Accounts payable	982,865	930,791
Accrued liabilities	<u>7,971</u>	-
Total liabilities	990,836	930,791
Unrestricted assets	<u>470,903</u>	<u>586,616</u>
Total net assets	<u>\$ 470,903</u>	<u>\$ 586,616</u>

Changes in Net Assets

	<u>2003 to 2004</u>	<u>2004 to 2005</u>
Revenues		
Local Sources	\$ 87,318	\$ 81,359
State Sources	4,646,543	4,898,116
Federal Sources	<u>1,228,610</u>	<u>1,316,483</u>
Total Revenues	<u>5,959,562</u>	<u>6,295,958</u>
Expenditures		
Instruction	2,615,688	3,417,294
Support Services	2,621,319	2,114,332
Community Services	444,658	463,618
Food Services	<u>171,381</u>	<u>185,001</u>
Total Expenditures	<u>5,853,046</u>	<u>6,180,245</u>
Increase in Net Assets	<u>\$ 106,516</u>	<u>\$ 115,713</u>

Academy Governmental Activities

The continued good health of the Academy's finances can be credited to a stable enrollment, ambitious grant seeking, and effective budget administration.

- The Academy anticipated a reduction in the foundation allowance and budgeted for a potential decrease of \$200 per pupil. The per pupil foundation was \$7,000.
- Legal fees were kept to a minimum of \$9,642 saving the Academy in excess of \$10,000 for the year.
- 21ST Century Community Learning Center Funding and the Foreign Language Assistance Grant provided federal funds for the ongoing operation of the Academy before and after school.
- Title I funding and 31a funding helped finance the additional instruction and support services for the large population of at-risk students.

FINANCIAL ANALYSIS OF THE ACADEMY'S FUNDS

The strong financial performance of the Academy as a whole is reflected in its governmental funds. As the Academy completed the year, its governmental funds reported combined fund balances of \$586,616, well above last year's ending fund balance of \$470,903.

The General Fund of the Academy had more revenues than expenditures in 2005, thereby, contributing to the increase in total fund balance. The School Service fund (that records the school lunch program) recorded a zero fund balance. Revenues were equal to expenditures.

General Fund Budgetary Highlights

Over the course of the year, the Academy revised the annual operating budget once. This budget amendment was based on:

- Changes made in June 2005 to reflect the updated award of funds from the State and various grants sources and aligned the budget with the object level detail required by Bulletin 1022.

While the Academy's final budget for the general fund anticipated that expenditures would exceed revenues by \$533, the actual results for the year show a \$115,713 surplus.

- Actual revenues were \$41,443 higher than expected, due largely to an increase in at-risk funding from the State and Act 18 funding from Genesee Intermediate School District.

The actual expenditures were \$74,083 below budget, due to decreased costs for the Board of Directors including legal fees and the provision for professional development activities for Board members.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Board of Directors of the Academy has adopted a \$5,000 threshold for the capitalization of assets. No purchases have been made that exceed this threshold, therefore, no assets have been recorded on the financial statements.

The Academy leases its facilities (two buildings). The leases are classified as operating leases.

Long-Term Debt

At June 30, 2005 the Academy had no long-term debt.

FACTORS BEARING ON THE ACADEMY'S FUTURE

At the time these financial statements were prepared and audited, the Academy was aware of three circumstances that could significantly affect its financial health in the future:

- The Academy is authorized by Central Michigan University as a public school academy to offer public education in grades K-12. That authorization was originally granted in August 1999 and was recently extended to June 30, 2007. The Academy will work diligently to ensure that it reaches or exceeds the expectations and goals set forth in the Charter Contract dated August 17, 2004.
- The student enrollment is expected to continue to grow. The State recently adopted a new funding formula that will calculate the per pupil foundation at 25% of the previous year's audited student count and 75% of the current year student count. The Academy will need to ensure that it budgets appropriately in order to continue to provide services for an increasing student body that is not fully funded.
- The Academy has contracted with an educational service provider. That contract stipulates that when the Academy Board has established a \$500,000 fund equity the amount of per pupil foundation that shall be utilized for costs of instruction, support services and operations shall be 97% of the funding. This limits the Academy Board's ability to continue to grow the fund equity.

CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional information, contact the Board Liaison Officer, International Academy of Flint, 2820 S. Saginaw Street, Flint, MI 48503.

Basic Financial Statements

International Academy of Flint, PSA
Statement of Net Assets
June 30, 2005

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 499,518
Due from other governments	1,007,906
Prepaid items	<u>9,982</u>
 Total assets	 <u>1,517,406</u>
 Liabilities	
Accounts payable	<u>930,791</u>
 Net Assets	
Unrestricted	<u>\$ 586,616</u>

International Academy of Flint, PSA
Statement of Activities
For the Year Ended June 30, 2005

		Program Revenues	Governmental Activities
			Net (Expense) Revenue and Changes in Net Assets
Functions/Programs	Expenses	Operating Grants	
Governmental Activities:			
Instruction and instructional support	\$ 3,417,294	\$ 1,520,422	\$ (1,896,872)
Support services	2,114,332	-	(2,114,332)
Food services	185,001	185,001	-
Community services	463,618	-	(463,618)
Total Governmental activities	<u>\$ 6,180,245</u>	<u>\$ 1,705,423</u>	<u>(4,474,822)</u>
General Revenues:			
			4,566,127
State of Michigan aid, unrestricted			4,599
Interest and investment earnings			19,809
Other			
Total general revenues			<u>4,590,535</u>
Change in Net Assets			115,713
Net assets - beginning of year			<u>470,903</u>
Net assets - end of year			<u>\$ 586,616</u>

International Academy of Flint, PSA
Governmental Funds
Balance Sheet
June 30, 2005

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue Fund Food Service</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 499,518	\$ -	\$ 499,518
Due from other governments	1,000,502	7,404	1,007,906
Prepaid items	9,982	-	9,982
Total assets	<u>\$ 1,510,002</u>	<u>\$ 7,404</u>	<u>\$ 1,517,406</u>
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 923,387	\$ 7,404	\$ 930,791
Fund balances:			
Reserved for prepaid items	9,982	-	9,982
Fund balance - unreserved, undesignated	576,634	-	576,634
Total liabilities and fund balances	<u>\$ 1,510,003</u>	<u>\$ 7,404</u>	<u>\$ 1,517,407</u>

**International Academy of Flint, PSA
Governmental Funds
Statement of Revenue, Expenditures and
Changes in Fund Balances
For the year ended June 30, 2005**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue Fund Food Service</u>	<u>Total Governmental Funds</u>
Revenues			
Local sources	\$ 81,359	\$ -	\$ 81,359
State sources	4,896,144	1,972	4,898,116
Federal sources	1,133,454	183,029	1,316,483
Total revenues	6,110,957	185,001	6,295,958
Expenditures			
Current:			
Instruction and instructional support services	3,417,294	-	3,417,294
Support services	2,114,332	-	2,114,332
Food services	-	185,001	185,001
Community services	463,618	-	463,618
Total expenditures	5,995,244	185,001	6,180,245
Net change in fund balances	115,713	-	115,713
Fund balances - beginning of year	470,903	-	470,903
Fund balances - end of year	\$ 586,616	\$ - 0 -	\$ 586,616

Notes to Financial Statements

International Academy of Flint, PSA
Notes to Financial Statements
June 30, 2005

1. Summary of significant accounting policies

The accounting policies of the International Academy of Flint, PSA (the Academy) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Academy:

Reporting entity

Organization:

International Academy of Flint, PSA, ("the Academy") is a body corporate and governmental entity organized under the Michigan School Code of 1976 as amended. It is organized and operates as a public school academy eligible to receive state school aid. The Academy received its initial charter approval from Central Michigan University (CMU) on August 17, 1999.

Contract with the Management Company:

The Academy Board entered into a contract on August 10, 1999 with Flint Education Management, LLC (a company owned by SABIS Educational Systems, Inc.). Under the agreement, Flint Education Management, LLC (FEM) manages and operates the Academy. Generally, FEM receives 95 percent of the state school aid received by the Academy after a 3% administration fee is deducted by CMU. FEM is responsible for reporting to the Academy's Board, the expenditures made in accordance with the budget adopted by the Board. FEM retains any management fees in excess of expenditures and the Academy is not liable to fund any deficits incurred by FEM. Expenditures made by FEM are reported as "purchased services" in the Academy's statement of revenues, expenditures and changes in fund balance. The main facility (2820 S. Saginaw Street) is owned by Flint Property Management, LLC (a company owned by SABIS Educational Systems, Inc.) and leased to the Academy.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Academy's reporting entity, and which organizations are legally separate, component units of the Academy. Based on the application of the criteria, the Academy does not contain any component units.

Academy-wide and fund financial statements

The Academy-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Academy does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

International Academy of Flint, PSA
Notes to Financial Statements
June 30, 2005

1. Summary of significant accounting policies – (continued)

Separate financial statements are provided for governmental funds. Major individual governmental funds (the "General Fund") are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting and financial statement presentation

Academy-wide statements:

The Academy-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund based statements:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Unrestricted state aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The Academy reports the following major governmental funds:

The General Fund is the Academy's primary operating fund. It accounts for all financial resources of the Academy, except those required to be accounted for in another fund.

Additionally, the government reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The Food Service Fund is a Special Revenue Fund that segregates, for administrative purposes, the transactions of the food service activity from regular revenue and expenditure accounts. The Academy maintains full control of this fund.

Assets, liabilities, and net assets or equity

Deposits and investments:

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity of twelve-months or less when acquired. Investments, when held, are stated at fair value.

International Academy of Flint, PSA
Notes to Financial Statements
June 30, 2005

1. Summary of significant accounting policies – (continued)

Assets, liabilities, and net assets or equity– (continued)

Receivables:

All receivables are shown net of an allowance for uncollectible amounts. Management has determined that no allowance is required for receivables at June 30, 2005.

The State of Michigan utilized a foundation allowance approach, which provides for specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the state's School Aid Fund and is recognized as revenue in accordance with state law and accounting principles generally accepted in the United States of America.

The Academy also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

Capital assets:

Capital assets, such as land, buildings, equipment, and vehicles, generally are reported in the applicable governmental column in Academy-wide financial statements, when applicable. Capital assets are defined by the Academy as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extended asset life are not capitalized. The Academy does not have any capital assets or infrastructure type assets at June 30, 2005.

Compensated absences:

The liability for compensated absences for Academies generally is reported in the Academy-wide statements. The Academy has only one employee for which there is currently, no compensated absences due.

Long-term obligations:

In the Academy-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets, when present. The Academy has no long-term obligations at June 30, 2005.

Fund equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations, if applicable, of fund balance represent tentative management plans that are subject to change.

International Academy of Flint, PSA
Notes to Financial Statements
June 30, 2005

1. Summary of significant accounting policies – (continued)

Assets, liabilities, and net assets or equity– (continued)

Comparative date:

Prior year comparative data is not included in the Academy's basic financial statements.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, compliance, and accountability

Budgetary information:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e. the level at which expenditures may not legally exceed appropriations) is the functional level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits the Academy to amend its budget during the year. During the year, the budget was amended in a legally permissible manner. There was one significant amendment during the year to reflect an updated award from the State.

Excess of expenditures over appropriations in budgeted funds:

The Academy had expenditure budget variances as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Instruction- Basic programs	\$2,016,714	\$2,038,661	\$ (21,947)

3. Deposits and investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes the Academy to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Academy is also allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Academy has designated Citizens bank for the deposit of it's funds. The Academy's deposits and investment policies are in accordance with statutory authority.

International Academy of Flint, PSA
Notes to Financial Statements
June 30, 2005

3. Deposits and investments – (continued)

At year-end, the Academy's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and cash equivalents (deposits and money market accounts)	<u>\$499,518</u>

The Academy's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy does not have a deposit policy for custodial credit risk. At year end, the Academy had \$462,460 of bank deposits (checking and money market accounts) that were uninsured and uncollateralized. The Academy believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Academy evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial credit risk of investments:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Academy does not have a policy for custodial credit risk. At year end, the Academy did not hold any investments subject to custodial credit risks.

Interest rate risk:

Interest rate risk is the risk that the value of investments will decrease as a result of the rise in interest rates. The Academy's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270 day maturity. At year end, no investments were held.

Credit risk:

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Academy does not have an investment policy that would further limit its investment choices. As of year end, the Academy held no investments in debt securities.

Concentration of credit risk:

The Academy places no limit on the amount the Academy may invest in any one issuer. No investments were held at year end.

International Academy of Flint, PSA
Notes to Financial Statements
June 30, 2005

4. Defined Benefit Pension Plan and Postemployment Benefits

Plan Description:

The school District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multipleemployer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at P.O. Box 30171, Lansing, Michigan 48909-7671.

Funding Policy:

Employer contributions to the system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis.

The pension benefit contribution rate totals 12.99 percent for the period from July 1, 2004 through September 30, 2004 and 14.87 from October 1, 2004 through June 30, 2005 of the covered payroll to the plan. Basic plan members make no contributions, but Member Investment Plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPERS plan for the years ended June 30, 2005, 2004, and 2003 were \$5,999, \$5,785, and \$5,114, respectively.

Postemployment Benefits:

Under the MPERS Act, all retirees participating in the MPERS pension plan have the option of continuing health, dental, and vision coverages. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental, and vision coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPERS plan discussed above.

5. Contingencies

The Academy participates in various federally assisted programs. These programs are subject to compliance audits in accordance with the Single Audit Act. A single audit was required for the year ended June 30, 2005 since the Academy expended more than \$500,000 in federal funds. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although, the Academy expects such amounts, if only, to be immaterial.

6. Risk management

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions, and employer injuries. The Academy has purchased commercial insurance for these claims. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

International Academy of Flint, PSA
Notes to Financial Statements
June 30, 2005

7. Operating leases

International Academy of Flint, PSA leases its facilities (two buildings) at monthly rates ranging from \$14,356 to \$81,821 during the year ended June 30, 2005. The facility leases end on July 31, 2006 and June 30, 2008. The leases are classified as operating leases. Lease expense for the year ended June 30, 2005 totaled \$1,140,438.

The following is a schedule of future minimum rental payments required under the noncancelable operating lease:

2006	\$1,154,127
2007	996,211
2008	<u>981,855</u>
	<u><u>\$3,132,193</u></u>

Required Supplemental Information

International Academy of Flint, PSA
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2005

	General Fund			
	Budgets		Actual	Variance
	Original	Final	Budgetary Basis	with Final Budget
Revenues:				
Local sources	\$ 37,571	\$ 53,774	\$ 81,359	\$ 27,585
State sources	4,901,716	4,905,840	4,896,144	(9,696)
Federal sources	921,453	1,109,900	1,133,454	23,554
Total revenues	5,860,740	6,069,514	6,110,957	41,443
Expenditures:				
Current:				
Instruction:				
Basic programs	1,998,933	2,016,714	2,038,661	(21,947)
Added needs	607,279	890,746	840,622	50,124
Pupil - guidance services	23,237	38,366	38,366	-
Instructional staff	75,124	115,270	115,270	-
Other instructional services	419,288	385,309	384,375	934
Total instruction	3,123,861	3,446,405	3,417,294	29,111
Support services:				
General administration - Board	109,400	110,400	80,610	29,790
Executive administration	141,660	164,072	147,171	16,901
School administration	687,608	407,428	407,428	-
Business	1,174,838	1,160,438	1,161,437	(999)
Operation and maintenance	242,188	317,686	317,686	-
Total support services	2,355,694	2,160,024	2,114,332	45,692
Community services	294,768	463,618	463,618	-
Total expenditures	5,774,323	6,070,047	5,995,244	74,803
Excess (deficiency) of revenues over expenditures	86,417	(533)	115,713	(116,246)
Budgetary fund balance - beginning of year	470,903	470,903	470,903	-
Budgetary fund balance - end of year	\$ 557,320	\$ 470,370	\$ 586,616	\$ (116,246)

Other Supplemental Information

International Academy of Flint, PSA
Other Supplemental Information
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2005
With Comparative Actual Totals for the Year Ended June 30, 2004

General Fund				
	2005 Budget	2005 Actual	2005 Variance Favorable (Unfavorable)	2004 Actual
Revenues:				
Local sources:				
Miscellaneous local sources		\$ 19,809		\$ 11,605
Act 18 - Intermediate District		56,951		35,935
Family Independence Agency				
-fee for services		-		37,132
Interest		4,599		2,645
Total local sources	\$ 53,774	81,359	\$ 27,585	87,317
State sources:				
State aid		4,566,127		4,197,843
Restricted - state pass through		330,017		444,027
Total state sources	4,905,840	4,896,144	(9,696)	4,641,870
Federal sources:				
Restricted - federal pass through		143,809		128,744
Restricted - state pass through		865,099		871,612
Other federal revenue		124,546		61,547
Total federal sources	1,109,900	1,133,454	23,554	1,061,903
Total revenues	\$ 6,069,514	\$ 6,110,957	\$ 41,443	\$ 5,791,090

International Academy of Flint, PSA
Other Supplemental Information
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended June 30, 2005
With Comparative Actual Totals for the Year Ended June 30, 2004

	General Fund			2004 Actual
	2005 Budget	2005 Actual	2005 Variance Favorable (Unfavorable)	
Expenditures:				
Instruction - purchased services:				
Basic programs	\$ 2,016,714	\$ 2,038,661	\$ (21,947)	\$ 1,724,522
Added needs:				
Compensatory education - Titles I,II, other	528,076	501,032	27,044	534,638
Special education	362,670	339,590	23,080	356,528
Total added needs	890,746	840,622	50,124	891,166
Instructional services - purchased services:				
Pupil	38,366	38,366	-	22,984
Instructional staff	115,270	115,270	-	70,831
Other instructional services	385,309	384,375	934	347,602
Total instructional services	538,945	538,011	934	441,417
Total instruction	3,446,405	3,417,294	29,111	3,057,105
Support services:				
General administration- Board of Education:				
Salaries		42,457		
Benefits		9,309		
Purchased services		26,495		
Supplies, materials, and other		2,349		
Total general administration	110,400	80,610	29,790	74,767
Executive administration- CMU oversight, other	164,072	147,171	16,901	126,557
School administration - purchased services	407,428	407,428	-	529,816
Business and facilities -purchased services	1,160,438	1,161,437	(999)	1,156,669
Operation and maintenance - purchased	317,686	317,686	-	291,593
Total support services	2,160,024	2,114,332	45,692	2,179,402
Community services - purchased services:	463,618	463,618	-	445,158
Total expenditures	\$ 6,070,047	\$ 5,995,244	\$ 74,803	\$ 5,681,665

The budget information presented is in greater detail than the amended budget adopted.

International Academy of Flint, PSA
Other Supplemental Information
Statement of Revenue, Expenditures
and Changes in Fund Balance- Budget and Actual
Non-Major Governmental Fund
Special Revenue Food Service Fund
For the Year Ended June 30, 2005

Special Revenue Fund			
Food Service			
	Budget	Actual	Variance
Revenues:			
State sources	\$ 1,972	\$ 1,972	\$ -
Federal sources	69,513	183,029	113,516
Total revenues	71,485	185,001	113,516
Expenditures:			
School services activities - purchased services	71,485	185,001	(113,516)
Total expenditures	71,485	185,001	(113,516)
Excess of revenues (under) expenditures	-	-	-
Fund balance - beginning of year	-	-	-
Fund balance - end of year	\$ - 0 -	\$ - 0 -	\$ - 0 -

Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Trustees
International Academy of Flint, PSA
Flint, Michigan

We have audited the financial statements of International Academy of Flint, PSA as of and for the year ended June 30, 2005, and have issued our report thereon dated August 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered International Academy of Flint, PSA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether International Academy of Flint, PSA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the management, the State of Michigan and other agencies and is not intended to be and should not be used by anyone other than these specified parties.

PLANTE & MORAN, PLLC

Certified Public Accountants
Flint Office

August 15, 2005

OMB Circular A-133 Compliance Report

**International Academy of Flint, PSA
Flint, Michigan**

June 30, 2005

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Independent Auditor's Report

Board of Directors
International Academy of Flint, PSA
Flint, Michigan

We have audited the financial statements that collectively comprise the International Academy of Flint, PSA's basic financial statements for the year ended June 30, 2005 and have issued our report thereon dated August 15, 2005. Those basic financial statements are the responsibility of the management of International Academy of Flint, PSA. Our responsibility was to express an opinion on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of International Academy of Flint, PSA taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PLANTE & MORAN, PLLC

August 15, 2005

Report on Internal Control over Financial Reporting and on Compliance
and other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Directors
International Academy of Flint, PSA
Flint, Michigan

We have audited the financial statements of International Academy of Flint, PSA as of and for the year ended June 30, 2005, and have issued our report thereon dated August 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered International Academy of Flint, PSA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether International Academy of Flint, PSA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended for and should not be used by anyone other than these specified parties.

PLANTE & MORAN, PLLC

August 15, 2005

Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control over Compliance in
Accordance with OMB Circular A-133

Board of Directors
International Academy of Flint, PSA
Flint, Michigan

Compliance

We have audited the compliance of International Academy of Flint, PSA with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. International Academy of Flint, PSA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of International Academy of Flint, PSA's management. Our responsibility is to express an opinion on International Academy of Flint, PSA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about International Academy of Flint, PSA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on International Academy of Flint, PSA's compliance with those requirements.

In our opinion, International Academy of Flint, PSA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control over Compliance

The management of International Academy of Flint, PSA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered International Academy of Flint, PSA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal controls over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended for and should not be used by anyone other than these specified parties.

PLANTE & MORAN, PLLC

August 15, 2005

**International Academy of Flint, PSA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency Contract Number</u>	<u>Accrued (Deferred) June 30, 2004</u>
United States Department of Education			
Direct:			
Foreign Languages Assistance Program (04/05)	84.293B	T293B030220-04	\$ -
Foreign Languages Assistance Program (03/04)	84.293B	T293B030220	<u>25,281</u>
Total U.S. Department of Education – Direct			<u>25,281</u>
Passed through the Michigan Department of Education:			
<u>21st Century Community Learning Center *</u>			
21 st Century Community Learning Center*(03/04)	84.287	052110-21ST02069	-
21 st Century Community Learning Center*(04/05)	84.287	052110-04046	-
21 st Century Community Learning Centers *(03/04)	84.287	032110-21ST02069	<u>32,658</u>
Total 21 st Century Community Learning Center			<u>32,658</u>
<u>Title I *</u>			
Title I – Part A 2004/05* (04/05)	84.010	051530-0405	-
Title I – Part A 2003/04* (03/04)	84.010	041530-0304	<u>78,859</u>
Total Title I			<u>78,859</u>
<u>Title II</u>			
Title II – Part A - Improving Teacher Quality (04/05)	84.367	050520-0405	-
Title II – Part A - Improving Teacher Quality (03/04)	84.367	040520-0304	17,211
Title II – Part D – Technology (04/05)	84.318	054290-0405	<u>-</u>
Total Title II			<u>17,211</u>
<u>Title V</u>			
Title V – Regular 2004/05	84.298	050250-0405	-
Title V – Regular 2003/04	84.298	040250-0304	<u>3,879</u>
Total Title V			<u>3,879</u>
Total U.S. Department of Education passed through the Michigan Department of Education			<u>132,607</u>
Special Education Cluster:			
United States Department of Education			
Passed through Genesee Intermediate School District:			
IDEA – Special Education	84.027	050450-0405	-
IDEA – Special Education	84.027	040450-0304	10,275
IDEA – Preschool Incentive	84.173	040460-0304	-
IDEA – Preschool Incentive	84.173	050460-0405	<u>-</u>
Total IDEA – Special Education Cluster			<u>10,275</u>

* Indicates a major program.

<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Accrued (Deferred) June 30, 2005</u>	<u>Total Award Amount</u>
\$ 53,637	\$ 86,249	\$ 32,612	\$ 91,990
63,578	38,297	-	91,990
<u>117,215</u>	<u>124,546</u>	<u>32,612</u>	
294,764	294,764	-	294,764
168,854	168,854	-	168,854
32,658	-	-	321,410
<u>496,276</u>	<u>463,618</u>	<u>-</u>	
290,126	303,923	13,797	309,207
81,083	2,224	-	321,410
<u>371,209</u>	<u>306,147</u>	<u>13,797</u>	
81,285	81,285	-	81,285
17,211	-	-	80,076
4,973	6,223	1,250	6,223
<u>103,469</u>	<u>87,508</u>	<u>1,250</u>	
7,392	7,826	434	8,514
3,879	-	-	9,141
<u>11,271</u>	<u>7,826</u>	<u>434</u>	
<u>982,225</u>	<u>865,099</u>	<u>15,481</u>	
-	134,093	36,534	134,093
10,275	-	-	128,744
-	599	-	599
-	1,780	1,780	1,780
<u>10,275</u>	<u>136,472</u>	<u>38,314</u>	

(continued)

**International Academy of Flint, PSA
Schedule of Federal Programs (continued)
For the Year Ended June 30, 2005**

Federal Grantor/ Pass Through Grantor/ <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency Contract Number</u>	<u>Accrued (Deferred) June 30, 2004</u>
United States Department of Education			
Passed through Genesee Intermediate			
School District: – (continued)			
Emergency Response Plans	87.184E	Q184E030509	-
Safe and drug free – Saturdays	84.186	042860-0304	-
PEP – C.M. White Physical Fitness	84.215F		-
			<hr/>
Total U.S. Department of Education			
Passed through Genesee Intermediate			
School District			<hr/> 10,275
Child Nutrition Cluster:			
United States Department of Agriculture			
Passed through the Michigan Department			
of Education:			
National School Breakfast	10.553		1,253
National School Lunch	10.555		6,728
Food Distributions:			
Entitlement Commodities	10.550	25905	-
Bonus Commodities	10.550	25905	-
			<hr/>
Total Department of Agriculture			
passed through the Michigan			
Department of Education			<hr/> 7,981
Total Federal Awards			<hr/> <hr/> \$176,144

The notes are an integral part of this schedule.

<u>Cash</u> <u>Receipts</u>	<u>Expenditures</u>	<u>Accrued</u> <u>(Deferred)</u> <u>June 30, 2005</u>	<u>Total</u> <u>Award</u> <u>Amount</u>
5,000	5,000	-	5,000
-	1,400	1,400	1,571
937	937	-	4,677
<hr/>			
114,370	143,809	39,714	
<hr/>			
27,509	27,177	921	28,430
153,555	153,310	6,483	160,038
1,390	1,390	-	1,390
1,152	1,152	-	1,152
<hr/>			
183,606	183,029	7,404	
<hr/>			
<u>\$1,397,416</u>	<u>\$1,316,483</u>	<u>\$ 95,211</u>	

**International Academy of Flint, PSA
Schedule of Expenditures of Federal Awards
Provided to Subrecipient
For the Year Ended June 30, 2005**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency Contract Number</u>	<u>Accrued (Deferred) June 30, 2004</u>
United States Department of Education			
21 st Century Learning Center			
Passed through to:			
Center Academy of Flint	84.287	2003/04	\$ 13,842
	84.287	2004/05	<u>-</u>
 Total Federal Funds Passed Through to Subrecipient			 <u><u>\$ 13,842</u></u>

<u>Cash</u> <u>Receipts</u>	<u>Expenditures</u>	Accrued (Deferred) <u>June 30, 2004</u>
\$ 13,842	\$ -	\$ -
79,660	84,750	5,090
<hr/>		
\$ 96,502	\$ 84,750	\$ 5,090
<hr/>		

International Academy of Flint, PSA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

- Note 1. Basis of Presentation – The schedule of expenditures of federal awards is presented on the accrual basis of accounting.
- Note 2. Source of Data – Management has used the Grants Section Auditors Report (Form R7120) in preparing the schedule of expenditures of federal awards.
- Note 3. Subrecipients – The International Academy of Flint, PSA has provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Subrecipient</u>	<u>Accrual Expenditures</u>
84.287 21 st Century Learning Center	Center Academy of Flint	\$ 84,750

- Note 4. Reconciliation of Federal Award Expenditures – The amount of expenditures of federal awards for the year ended June 30, 2005 was \$1,316,483. The amount of federal revenues reported in the Academy's basic financial statements (page 12) was \$1,316,483.
- Note 5. Food Distribution – Non-monitoring assistance is reported in the schedule on the fair market value of the commodities received and disbursed.

**International Academy of Flint, PSA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005**

Summary of Auditor's Results

Part I

1. Did the auditee expend more than \$25,000,000
in federal awards during the fiscal year? ☐ Yes ☒ No
2. If answer to question 1 was yes, indicate which
federal agency provided the predominant amount
of direct funding. _____

Part II – Financial Statements

Type of auditor's report issued: Unqualified

Going concern explanatory paragraph included ☐ Yes ☒ No

Internal control over financial reporting:
Material weakness(es) identified? ☐ Yes ☒ No
Reportable condition(s) identified
Not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements
noted? ☐ Yes ☒ No

Findings related to the financial statements reported in accordance with *Governmental Auditing Standards*: None

Part III – Federal Programs

Type of auditor's report issued on compliance
for major programs: Unqualified

Does the auditor's report include a statement
that the auditee's financial statements include
departments, agencies, or other organizational
units expending greater than \$300,000 in Federal
awards that have separate A-133 audits which are
not included in this audit? ☐ Yes ☒ No

Dollar threshold used to distinguish
between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee ☒ Yes ☐ No

(continued)

International Academy of Flint, PSA
Schedule of Findings and Questioned Costs – (continued)
Year Ended June 30, 2005

Part III – Federal Programs – (continued)

Is a reportable condition disclosed for any major program? Yes X No

Is any reportable condition reported as a material weakness? Yes X No

Are any known questioned costs reported? Yes X No

Was a Summary Schedule of Prior Audits Findings Prepared? X Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.287</u>	<u>21st Century Community Learning Center</u>
<u>84.010</u>	<u>Title I</u>

Findings related to the federal award programs: None

**International Academy of Flint, PSA
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2004**

There were no prior year audit findings.